

PRINCIPLES FOR EVALUATING TAX DEDUCTIONS, CREDITS AND EXEMPTIONS IN THE STATE OF IDAHO

1. EQUITY AND FAIRNESS

Is the benefit available to ALL organizations or individuals in similar industries or situations?

To what extent does the benefit narrow the tax base?

NO	N/A	YES
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-3	-2	-1	0	+1	+2	+3
			0	+1	+2	+3

2. CERTAINTY

Are rules clear about when and how tax is paid and amount due?

-1	0	+1
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3. CONVENIENCE OF PAYMENT

Is tax payable at a time and in a manner convenient to taxpayers?

-1	0	+1
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4. ECONOMY IN COLLECTION

Is the benefit easy to claim by the taxpayer?

Is the benefit easy to administer and collect by the government?

-2	-1	0	+1	+2
-2	-1	0	+1	+2

5. SIMPLICITY

Does the benefit simplify or clarify existing tax code rather than complicate it?

Is the benefit easily calculated with minimal recordkeeping required?

Is eligibility for and amount of the benefit easy to verify by the government?

Does the benefit bring us in compliance with federal law rather than create another departure?

-3	-2	-1	0	+1	+2	+3
-3	-2	-1	0	+1	+2	+3
-3	-2	-1	0	+1	+2	+3
-3	-2	-1	0	+1	+2	+3

6. NEUTRALITY

Does the benefit avoid influencing the behavior of individual taxpayers or organizations?

Does the benefit avoid trying to help solve social problems?

-3	-2	-1	0	+1	+2	+3
-3	-2	-1	0	+1	+2	+3

7. ECONOMIC GROWTH AND EFFICIENCY

Is the benefit required in order to compete with similar benefits in surrounding states?

-3	-2	-1	0	+1	+2	+3
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8. TRANSPARENCY AND VISIBILITY

Can the public easily recognize the benefit and calculate the amount of any tax shift?

If the public were fully aware of the benefit, would it consider the tax break "fair?"

Is the benefit better claimed as a tax break rather than through a budget appropriation?

-3	-2	-1	0	+1	+2	+3
-3	-2	-1	0	+1	+2	+3
-3	-2	-1	0	+1	+2	+3

9. MINIMUM TAX GAP

Is the benefit structured to protect against ineligible claiming of the benefit?

-3	-2	-1	0	+1	+2	+3
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10. APPROPRIATE GOVERNMENT REVENUES

Does the tax break benefit an organization that provides goods or services that the government would otherwise have to provide?

Is the fiscal impact of the tax benefit reasonably determinable by the government?

Does the benefit have a minimal impact on government revenues?

-3	-2	-1	0	+1	+2	+3
	-2	-1	0	+1	+2	
	-2	-1	0	+1	+2	

TOTALS

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Any negative ratings are cause to question the advisability of the tax deduction, credit or exemption.

Although any strong negative rating could disqualify the tax benefit, generally the positive score should be three times the negative score to justify the benefit.